

A retailer may file a claim for credit memorandum for a motor vehicle returned under the New Vehicle Buyer Protection Act. See 86 Ill. Adm. Code 130.1501. (This is a GIL.)

September 22, 2004

Dear Xxxxx:

This letter is in response to your letter dated May 15, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC is currently updating our record on your state. We have listed some items below that we would appreciate if you could provide information for.

1. Does your State participate with the 'Lemon Law'/Re-acquired Vehicles program?
2. Does your State provide for Sales Tax to be reclaimed from your state, after the vehicle has been re-purchased from the customer?

If you participate with the Lemon Law, and/or allow for Sales Tax to be refunded, could you please provide us with:

1. A copy of any documentation describing what is required to get a Sales tax refund.
2. A copy of the actual refund application and/or letter.

We will appreciate any and all information that you could provide us. If you have any questions please contact NAME.

## DEPARTMENT'S RESPONSE:

Assuming ABC repurchases or replaces vehicles as required under Illinois' New Vehicle Buyer Protection Act (815 ILCS 380/1 et seq.), a claim may be made by the retailer for a refund of the sales tax paid. If the proper amount of Retailers' Occupation Tax was remitted using form ST-556, the retailer must file form ST-556-X to claim a refund of the sales tax paid. Forms and instructions can be found on our website.

Please note that Section 6 of the Retailers' Occupation Tax Act provides that "[f]or purposes of this Section, the tax is deemed to be erroneously paid by a retailer when the manufacturer of a motor vehicle sold by the retailer accepts the return of that automobile and refunds to the purchaser the selling price of that vehicle as provided in the New Vehicle Buyer Protection Act. When a motor vehicle is returned for a refund of the purchase price under the New Vehicle Buyer Protection Act, the Department shall issue a credit memorandum or a refund for the amount of tax paid by the retailer under this Act attributable to the initial sale of that vehicle. Claims submitted by the retailer are subject to the same restrictions and procedures provided for in this Act." 35 ILCS 120/6. See also, 86 Ill. Adm. Code 130.1501(a)(1).

Please note, the Department is only authorized to provide a credit memorandum or refund of sales tax to the retailer who made the initial sale of the vehicle. The Department cannot approve a claim for credit or refund from the manufacturer when it accepts the return of an automobile and refunds to the purchaser the selling price of that vehicle as provided in the New Vehicle Buyer Protection Act.

For information and materials required to be submitted along with a claim for credit, please refer to 86 Ill. Adm. Code 130.1501(b). The form ST-556-X, which is used to claim a refund of the sales tax paid may be found on our website.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

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